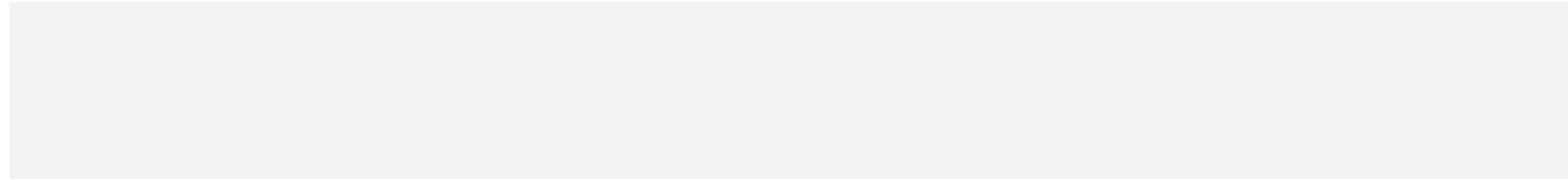


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Anadarko's \$5 Billion Pollution Settlement Wins Approval

By Tiffany Kary | May 28, 2014

Anadarko Petroleum Corp. ([APC:US](#))'s agreement to pay \$5.15 billion for pollution cleanup across the U.S. was approved over objections from people who said their contamination-related illnesses won't be properly compensated.

U.S. Bankruptcy Judge Allan L. Gropper in Manhattan today approved the settlement, which the federal government called the largest distribution of funds for environmental cleanup ever. Under the deal, Anadarko's Kerr-McGee's unit will pay 88 percent of the money to the U.S. and 12 percent to people with personal-injury claims.

The only objections came from people near a wood-treatment plant in Columbus, Mississippi, where creosote had been used. A local lawyer, a church and a group of individuals all said their injury claims hadn't been properly represented and people with cancer and other ailments would get less than \$2,000 or \$3,000.

Gropper said there was no evidence to show the money wouldn't be enough to cover the personal-injury claims of people in Columbus.

"All I know is that if I delay this settlement and refuse to approve it, the cleanup you are looking forward to in Columbus, and agree is urgent, will not take place as soon," he said. His recommendation will be sent to a district court, where the settlement also needs to be reviewed.

Resolution of the long-running case will free Anadarko to pursue its global ambitions. Chairman and Chief Executive Officer Al Walker plans to spend as much as \$8.8 billion this year on projects from the Gulf of Mexico to New Zealand after settling the lawsuit, which had dragged on shares.

Spun Off

The agreement, announced last month, resolves a lawsuit in which the U.S. had said Kerr-McGee spun off a new company, Tronox Inc., in 2006 to hinder recoveries by parties such as the Environmental Protection Agency, which became Tronox's biggest creditor when it filed for bankruptcy in 2009.

The U.S. had originally sought \$25 billion to clean 2,772 polluted sites and compensate about 8,100 people affected by the contamination. The settlement approved today covers 49 sites.

Pollution by Kerr-McGee over a span of 85 years stretched from uranium mines in Navajo territory to creosote plants in

Mississippi and Pennsylvania. After Kerr-McGee spun off its chemicals business and old environmental liabilities as Tronox, the Woodlands, Texas-based Anadarko bought the oil and gas business that remained for \$18 billion.

‘Two-Step’ Fraud

Those transactions were a “two-step” fraud that forced Tronox into bankruptcy in 2009, enriched the Kerr-McGee managers who joined Anadarko and left no money to clean up pollution or pay for injury claims, the U.S. alleged in its lawsuit against Anadarko.

Gropper ruled in favor of the U.S. in December, setting potential damages at \$5.2 billion to \$14.2 billion. The settlement announced April 4 fell near the low end of the judge’s range.

Wilbur Colom, a lawyer for people who may not have filed injury claims yet, told Gropper the settlement failed to give adequate notice and information to all people affected.

Some injured people, including children who weren’t old enough to pursue lawsuits prior to the bankruptcy, won’t be able to sue, Colom said. Also, people in places where creosote contamination hasn’t yet been discovered or who suffer from diseases that take years to manifest after creosote exposure will have no legal recourse, he said.

Sick Sisters

Anita Gregory, a former resident of Columbus who said her sisters were sickened by creosote contamination, told the judge injury claimants deserved more than 12 percent of the recovery.

Her sisters are sterile and one of them died of cancer, Gregory wrote in a 150-page letter to the judge. She said she has an undiagnosed illness she attributes to growing up less than 50 feet from the entrance of Kerr-McGee’s creosote plant.

The only other objection to the pact came from an affiliate of American International Group Inc. ([AIG:US](#)), which had said the settlement might violate certain rules about insurance policies in Tronox’s bankruptcy plan. AIG resolved the issues before Gropper gave his approval.

The lawsuit is Tronox Inc. v. Anadarko Petroleum Corp., 09-ap-01198; the bankruptcy is Tronox Inc., 09-bk-10156, U.S. Bankruptcy Court, Southern District of New York (Manhattan).

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